

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **February 22, 2005, Work Session**

AGENDA ITEM NO.: **6**

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Tax Relief for the Elderly and Permanently Disabled**

RECOMMENDATION: Consider amending Section 36-175(3) c of the City Code to revise the gross income limitation for eligibility to receive real estate tax relief from \$27,000 to \$30,000.

SUMMARY: At the January 25, 2005 Council Work Session, City Council requested additional information regarding the request to increase the gross income limit for eligibility from \$27,000 to \$30,000. Attached is the schedule of tax exemptions (matrix) for FY 2005 that allocated the current year budgetary funding for this program. Explanatory notes regarding the matrix are also attached. In addition, the Commissioner of the Revenue has developed three additional exhibits comparing tax relief programs with other localities

PRIOR ACTION(S): January 25, 2005, Council Work Session

FISCAL IMPACT: To be determined. Under the City's program, City Council determines an amount to allocate to tax relief and this amount is distributed among the eligible participants. This distribution provides relief to the applicants with the lowest income and net worth receiving the highest relief to those having higher income and net worth receiving a lower amount. For FY 2005 relief ranged from 100% to 76%. In the current year, \$516,272 is budgeted for this purpose.

CONTACT(S): Mitch Nuckles, Commissioner of the Revenue
Michael W. Hill, Director of Financial Services

ATTACHMENT(S): Attachment A FY 2005 Schedule of Tax Exemptions
Attachment B Jurisdictional Comparison of Tax Relief Programs
Attachment C Jurisdictional Comparison Per Cent of Population receiving Tax Relief
Attachment D Jurisdictional Comparison Amount of Relief Per Applicant
Attachment E Real Estate Value compared to applicants receiving relief
Attachment F Number of Applicants by Income
Attachment G Amount of Relief per capita
Copies of information presented at the January 25, 2005 Council Work Session

REVIEWED BY: lkp

Agrees to Matrix executed September 7, 2004 from Glenda Du

Combined Gross Income	Combined Net Worth		10,001	15,001	20,001	25,001	30,001	35,001	40,001	45,001	50,001	55,001	Total Tax	Total Tax Relief	Total Tax Relief Customers
	zero to 5,000	5,001 to 10,000	to 15,000	to 20,000	to 25,000	to 30,000	to 35,000	to 40,000	to 45,000	to 50,000	to 55,000	to 60,000			
zero to 3,000	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	0.00	0.00	0
3,001 to 4,000	775.00 1.00 775.00 1	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	775.00	775.00	1
4,001 to 5,000	1,485.00 1.00 1,485.00 3	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1,485.00	1,485.00	3
5,001 to 6,000	1,274.00 1.00 1,274.00 6	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1,426.00	1,426.00	7
6,001 to 7,000	12,552.00 1.00 12,552.00 35	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	12,957.00	12,957.00	36
7,001 to 8,000	22,146.00 1.00 22,146.00 65	557.00 1.00	157.00 1.00	374.00 1.00	1.00 0.00	1.00 0.00	1.00 0.00	652.00 1.00	505.00 1.00	505.00 1.00	505.00 1.00	505.00 1.00	24,391.00	24,391.00	72
8,001 to 9,000	20,260.00 1.00 20,260.00 50	3,641.00 1.00	1,766.00 1.00	204.00 1.00	1.00 0.00	1.00 0.00	1.00 0.00	273.00 1.00	1,020.00 1.00	833.00 1.00	833.00 1.00	833.00 1.00	27,997.00	27,997.00	61
9,001 to 10,000	17,233.00 1.00 17,233.00 46	3,304.00 1.00	3,115.00 1.00	2,927.00 1.00	1,124.00 1.00	533.00 1.00	1.00 0.00	335.00 1.00	1.00 0.00	381.00 1.00	1.00 0.00	1.00 0.00	28,952.00	28,952.00	68
10,001 to 11,000	20,696.00 1.00 20,696.00 56	3,453.00 1.00	4,614.00 1.00	1,502.00 1.00	1,889.00 1.00	2,262.00 1.00	1.00 0.00	2,683.00 1.00	1,345.00 1.00	1,507.00 1.00	699.00 1.00	699.00 1.00	40,650.00	40,650.00	84
11,001 to 12,000	21,176.00 1.00 21,176.00 36	2,389.00 1.00	5.00 1.00	2,725.00 1.00	2,275.00 1.00	215.00 1.00	997.00 1.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	1.00 0.00	29,782.00	29,782.00	53
12,001 to 13,000	11,939.00 1.00 11,939.00 30	4,143.00 1.00	2,225.00 1.00	4,184.00 1.00	1.00 0.00	1,096.00 1.00	1,010.00 1.00	2,646.00 1.00	1,279.00 1.00	1.00 0.00	1.00 0.00	1,330.00 1.00	29,852.00	29,852.00	59
13,001 to 14,000	16,149.00 1.00 16,149.00 35	6,591.00 1.00	3,183.00 1.00	1,891.00 1.00	1,330.00 1.00	1764 1.00	1,764.00 1.00	1313 1.00	704 1.00	1193 1.00	1.00 0.00	1.00 0.00	34,118.00	34,118.00	59
14,001 to 15,000	13,775.00 1.00 13,775.00 30	6,020.00 1.00	3,449.00 1.00	3,103.00 1.00	1.00 0.00	1,188.00 1.00	1,270.00 1.00	467.00 1.00	1,592.00 1.00	2,362.00 1.00	146.00 1.00	146.00 1.00	33,372.00	33,372.00	60
15,001 to 16,000	10,839.00 1.00 10,839.00 23	3,534.00 1.00	1,903.00 1.00	1,268.00 1.00	1,779.00 1.00	490.00 1.00	1,191.00 1.00	566.00 1.00	1,217.00 1.00	1,007.00 1.00	1,007.00 1.00	1,007.00 1.00	23,794.00	23,794.00	41

TAX RELIEF FOR THE ELDERLY/HANDICAPPED

Jurisdictional Comparison of Tax Relief Programs

Attachment B

<u>FIRST VA CITIES</u>	<u>POPULATION</u>	<u>COMBINED GROSS INCOME</u>	<u>COMBINED NET WORTH</u>	<u># OF APPLICANTS</u>	<u>\$ AMOUNT OF RELIEF</u>
Norfolk	239,000	\$34,450	\$100,000	2,800	\$2,750,000
Hampton	146,878	\$30,000	\$100,000	1,161	\$1,076,356
Roanoke	92,853	\$30,000	\$100,000	1,937	\$533,368
Lynchburg	67,000	\$27,000	\$60,000	938	\$516,000
Danville	50,000	\$20,000	\$50,000	299	\$72,000
Charlottesville	40,000	\$50,000	\$125,000	485	\$475,000
Petersburg	34,000	\$25,000	\$50,000	273	\$72,273
Staunton	23,800	\$16,000	\$50,000	187	\$70,959
Hopewell	23,000	\$29,000	\$75,000	313	\$172,443
Fredricksburg	19,279	\$30,000	\$90,000	95	\$79,500
Martinsville	15,300	\$20,000	\$65,000	177	\$43,335
Richmond					
 <u>Other Localities</u>					
Virginia Beach	450,000	\$52,000	\$179,800	3,396	\$3,288,000
Henrico	280,000	\$52,000	\$195,000	3,182	\$3,000,000
Roanoke Co	87,000	\$50,000	\$100,000	1,405	\$420,803
Lynchburg	67,000	\$27,000	\$60,000	938	\$516,000
Fairfax	1,100,000	\$52,000	\$150,000	5,400	\$14,478,168
 <u>Surrounding Localities</u>					
Lynchburg	67,000	\$27,000	\$60,000	938	\$516,000
Bedford Co	62,000	\$24,000	\$77,500	200	\$76,100
Campbell Co	51,000	\$26,000	\$60,000	505	\$129,054
Amherst	32,000	\$50,000	\$100,000	572	\$142,590
Bedford City	6,299	\$15,000	\$40,000	23	\$3,346

Special Considerations granted in determining Tax Relief on Real Estate Property Tax FY 2004

Locality	Income	Net Worth	Special Considerations
First Virginia Cities			
City of Richmond	\$30,000	\$100,000	Percentage Allocation Table
City of Hopewell	29,000	75,000	\$4,000 exemption for each relative/Percentage Allocation Table/Max \$850/\$0-\$17,000 100% relief
City of Norfolk	20,000	75,000	First \$6,500 exempt /Percentage Allocation Table/\$0-\$10,000 100% relief
City of Lynchburg	27,000	60,000	Percentage Allocation Table/ 97% applicants FY 2004 received 100%
City of Hampton	25,000	75,000	Under \$16,000 receives 100% relief and exemption \$16,001-\$25,000 receives exemption with calculation of remaining tax relief
City of Roanoke	30,000	100,000	Calculated amount based upon first qualifying year of relief with increases as exemption amount
City of Staunton	16,000	50,000	2 owner exception of \$20,000/Percentage Allocation Table for single and double owners/ single 100% relief to \$9,500/double 100% relief to \$11,875
City of Winchester	30,000	60,000	Percentage Allocation Table/\$0-\$12,000 100% relief
City of Newport News	30,150	100,000	H.U.D. income limits: \$14,000 or less 100% relief/deferral to 100%/Over \$14,000 income exemption is equal to portion of tax which exceeds 3% with maximum amount of \$600
City of Charlottesville	25,000	75,000	First \$4,000 exempt/First \$7,500 of disability income exempt/Percentage Allocation Table/Deferral Schedule/\$0-\$10,000 100 % relief
City of Petersburg	22,000	50,000	First \$4,000 exempt for each relative/50% exemption after combining all income in the house (max. \$300)
City of Danville	20,000	50,000	Percentage Allocation Table/\$0-\$10,000 100% relief
City of Fredricksburg	25,000	50,000	Tax relief elderly mobile homes/Percentage Allocation Table/deferral taxes over exempt amount/\$0-\$15,000 100% relief
City of Portsmouth	19,000	64,200	Percentage Allocation Table/\$0-\$14,000 100% relief

Other Cities and Counties

Henrico County	\$45,000	\$175,000	First \$6,500 exempt: Percentage Allocation Table/\$0-\$15,000 (Net worth to \$50,000 100% relief)/\$15,001-\$20,000 (\$25,000 net worth) 100% relief/Maximum of \$1,000
City of Virginia Beach	30,000	100,000	First \$7,500 of disability exempt/Percentage Allocation Table/\$0-\$16,000 100% relief
Fairfax County	52,000	160,000	\$6,500 exemption; Percentage Allocation Table/\$0-\$40,000 100% relief
Amherst County	20,000	100,000	First \$6,000 exempt: Percentage Allocation Table/maximum abatement per year \$400/\$0-\$8,000 100% relief
Roanoke County	50,000	100,000	First \$6,500 exempt/Calculation based upon amount of tax over first year of relief granted
City of Fairfax	52,000	150,000	Allocation Table: \$0-\$40,000 100% relief
Campbell County	22,000	60,000	First \$2,500 exempt: Percentage Allocation Table with max of \$300/\$0-\$10,000 100% relief

Percentage Allocation Table: Many localities have moved to a percentage basis of relief. The City of Lynchburg was one of the first to adopt this method of tax relief allocation.

Source: Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 2002 and Weldon Cooper Center for Public Service 2002 Tax Rates: Virginia's Cities, Counties, and Selecte

TAX RELIEF FOR THE ELDERLY/HANDICAPPED

Relief Per Applicant

Attachment D

<u>FIRST VA CITIES</u>	<u>\$ AMOUNT OF RELIEF</u>	<u># OF APPLICANTS</u>	<u>\$ AMOUNT PER APPLICANT</u>
Norfolk	\$2,750,000	2,800	\$982.14
Charlottesville	\$475,000	485	\$979.38
Hampton	\$1,076,356	1,161	\$927.09
Fredricksburg	\$79,500	95	\$836.84
Hopewell	\$172,443	313	\$550.94
Lynchburg	\$516,000	938	\$550.11
Staunton	\$70,959	187	\$379.46
Roanoke	\$533,368	1,937	\$275.36
Petersburg	\$72,273	273	\$264.74
Martinsville	\$43,335	177	\$244.83
Danville	\$72,000	299	\$240.80

Other Localities

Fairfax	\$14,478,168	5,400	\$2,681.14
Virginia Beach	\$3,288,000	3,396	\$968.20
Henrico	\$3,000,000	3,182	\$942.80
Lynchburg	\$516,000	938	\$550.11
Roanoke Co	\$420,803	1,405	\$299.50

Surrounding Localities

Lynchburg	\$516,000	938	\$550.11
Bedford Co	\$76,100	200	\$380.50
Campbell Co	\$129,054	505	\$255.55
Amherst	\$142,590	572	\$249.28
Bedford City	\$3,346	23	\$145.48

TAX RELIEF FOR THE ELDERLY/HANDICAPPED

Attachment E

REAL ESTATE VALUE AND APPLICANTS RECEIVING RELIEF

<u>REAL ESATE VALUE</u>	<u>APPLICANTS RECEIVING TAX RELIEF</u>	<u>% OF TOTAL</u>
\$0 - \$50,000	523	55.82%
\$50,001 - \$75,000	208	22.20%
\$75,001 - \$100,000	141	15.05%
\$100,001 - \$125,000	52	5.55%
\$125,001 - \$150,000	7	0.75%
\$150,001 - \$175,000	3	0.32%
\$175,001 - \$200,000	3	0.32%
TOTAL	937	100.00%

TAX RELIEF FOR THE ELDERLY/HANDICAPPED

Attachment F

OF APPLICANTS BY INCOME

<u>INCOME</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>% CHANGE FROM 03-05</u>
0-10,000	278	263	248	-10.79%
10,001-20,000	572	532	515	-9.97%
20,001-23,000	95	88	90	-5.26%
23,001-27,000	46	81	85	84.78%

TAX RELIEF FOR THE ELDERLY/HANDICAPPED

Attachment G

FIRST VA CITIES	<u>POPULATION</u>	<u>\$ AMOUNT OF RELIEF</u>	<u>\$ AMOUNT PER POPULATION</u>
Charlottesville	40,000	\$475,000	\$11.88
Norfolk	239,000	\$2,750,000	\$11.51
Lynchburg	67,000	\$516,000	\$7.70
Hopewell	23,000	\$172,443	\$7.50
Hampton	146,878	\$1,076,356	\$7.33
Roanoke	92,853	\$533,368	\$5.74
Fredricksburg	19,279	\$79,500	\$4.12
Staunton	23,800	\$70,959	\$2.98
Martinsville	15,300	\$43,335	\$2.83
Petersburg	34,000	\$72,273	\$2.13
Danville	50,000	\$72,000	\$1.44

Other Localities

Fairfax	1,100,000	\$14,478,168	\$13.16
Henrico	280,000	\$3,000,000	\$10.71
Lynchburg	67,000	\$516,000	\$7.70
Virginia Beach	450,000	\$3,288,000	\$7.31
Roanoke Co	87,000	\$420,803	\$4.84

Surrounding Localities

Lynchburg	67,000	\$516,000	\$7.70
Amherst	32,000	\$142,590	\$4.46
Campbell Co	51,000	\$129,054	\$2.53
Bedford Co	62,000	\$76,100	\$1.23
Bedford City	6,299	\$3,346	\$0.53

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **January 25, 2005 City Council Work Session** AGENDA ITEM NO.:

CONSENT:

REGULAR:

CLOSED SESSION:
(Confidential)

ACTION: **X**

INFORMATION:

ITEM TITLE: **Tax Relief for the Elderly and Permanently Disabled**

RECOMMENDATION: Consider amending Section 36-175(3) c of the City Code to revise gross income limitation for eligibility to receive real estate tax relief from \$27,000 to \$30,000.

SUMMARY: Since 1974 the City has offered real estate tax relief for qualifying elderly and permanently disabled property owners. There are two primary criteria for qualification: (a) gross income, and (b) net worth which excludes the house and one acre of land. Currently, the City has a gross income limit of \$27,000 and a net worth limit of \$60,000 compared to a State Code limit of \$50,000 for gross income and a net worth limit of \$200,000 and the exclusion of up to ten acres of land. Applications for tax relief are due to the Commissioner of the Revenue on May 1 of each year. Prior to issuing the applications, the Commissioner of the Revenue typically requests City Council to consider any changes to eligibility requirements. The last change to eligibility requirements was in FY 2003 with the gross income limitation increasing from \$23,000 to \$27,000. With the growth in social security and the ineligibility determination of approximately twenty five residents combined with a general decline in program participants, it is recommended that the gross income limitation be increased to \$30,000. Attachment A provides a summary of this program for the City and compares it to other Virginia localities.

PRIOR ACTION(S): None

FISCAL IMPACT: None. Under the City's program, City Council determines an amount to allocate to tax relief. The total relief granted to participants is limited to City Council's allocation. For FY 2005, \$516,272 was allocated for this program. This amount is distributed among the eligible participants. Should more applicants become eligible, the maximum amount of the program would remain at \$516,272, however some applicants may see a change in the percentage of relief as the allocation is redistributed. The distribution of this budgetary allocation to eligible participants provides the higher relief to the applicants with the lowest income and net worth. Applicants with greater income and net worth receive a lower percentage of relief. For FY 2005 Tax Relief ranged from 100% to 76%.

CONTACT(S): Mitch Nuckles, Commissioner of the Revenue
Michael W. Hill, Director of Financial Services

ATTACHMENT(S): Program summary and comparisons

REVIEWED BY: lkp

City of Lynchburg
FY 2005 Schedule of Tax Exemptions
Explanatory Notes

- Horizontally **net worth** is presented in \$5,000 increments from zero to \$60,000 which is the maximum allowed by the City Code
- Vertically **gross income** is presented in \$1,000 increments from zero to \$27,000 which is the maximum allowed by the City Code
- Each block potentially contains four items of data:
 - Line 1-Gross amount of real estate tax assessed to all qualified applicants in the particular block.
 - Line 2-Percentage of relief granted (1.00 equals 100% relief)
 - Line 3-Tax relief granted the particular block
 - Line 4-Number of applicants in a particular block
- All applicants (920) below the bold line received 100% real estate tax relief for FY 2005.
- All applicants (18) above the bold line received 75% real estate tax relief for FY 2005.
- For FY 2005, the General Fund Budget provided \$516,272 for this program.
- For FY 2005, \$501,259 was allocated to the 938 applicants. The balance, \$15,013 was reserved for first time applicants and hardship cases that were received after the filing deadline.

TAX RELIEF FOR THE ELDERLY/HANDICAPPED

Percent of Population Receiving Tax Relief

<u>FIRST VA CITIES</u>	<u>POPULATION</u>	<u># OF APPLICANTS</u>	<u>% OF POPULATION</u>
Roanoke	92,853	1,937	2.09%
Lynchburg	67,000	938	1.40%
Hopewell	23,000	313	1.36%
Charlottesville	40,000	485	1.21%
Norfolk	239,000	2,800	1.17%
Martinsville	15,300	177	1.16%
Petersburg	34,000	273	0.80%
Hampton	146,878	1,161	0.79%
Staunton	23,800	187	0.79%
Danville	50,000	299	0.60%
Fredricksburg	19,279	95	0.49%
<u>Other Localities</u>			
Roanoke Co	87,000	1,405	1.61%
Lynchburg	67,000	938	1.40%
Henrico	280,000	3,182	1.14%
Virginia Beach	450,000	3,396	0.75%
Fairfax	1,100,000	5,400	0.49%
<u>Surrounding Localities</u>			
Amherst	32,000	572	1.79%
Lynchburg	67,000	938	1.40%
Campbell Co	51,000	505	0.99%
Bedford City	6,299	23	0.37%
Bedford Co	62,000	200	0.32%

TAX RELIEF FOR THE ELDERLY/HANDICAPPED

	Eligibility Requirements	
	Combined	Combined
	Gross Income	Net Worth
State Code		
Lynchburg	27,000	60,000
<u>Other First Virginia Cities</u>		
Norfolk	34,450	100,000
Hopewell	29,000	75,000
Hampton	25,000	75,000
Roanoke	30,000	100,000
Winchester	30,000	80,000
Staunton	16,000	50,000
Charlottesville	50,000	100,000
Newport News	14,000	100,000
Danville	20,000	50,000
Petersburg	22,000	50,000
Fredricksburg	30,000	90,000
<u>Other Localities</u>		
Amherst	50,000	100,000
Henrico	45,000	175,000
Virginia Beach	27,000	195,000
Fairfax	52,000	150,000
Roanoke	50,000	100,000

Number of Applicants	
FY 2005	938
FY 2004	974
FY 2003	988
FY 2002	980
FY 2001	1013
FY 2000	1014
FY 1999	1004
FY 1998	1115
FY 1997	1103
FY 1996	1111

Disqualified Applicants			
CATEGORY	DETAIL	TY 2003	TY 2004
		NO.	NO.
INCOME	\$27,001 - \$28	6	4
	\$28,001 - \$29	2	1
	\$29,001 - \$30	3	2
	\$30,001-\$31.0	2	2
	\$31,001 & +	8	8
AGE	< 65	2	2
NET WORTH	\$60,001 & +	11	5
TOTAL		34	24

Source: Comparative Report of Local Government Revenues and Expenditures Year Ended June 30, 2003 and Weldon Cooper Center for Public Service 2003 Tax Rates: Virginia's Cities, Counties, and Selected Towns

* Information provided from the City of Lynchburg General Ledger Inquiry system

**There may be other exemptions represented in this number other than tax relief for the Elderly such as Rehab Housing, etc.